

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF SOCIAL SCIENCES

DEPARTMENT OF RELIGION AND CULTURAL STUDIES

TOPIC

BUSINESS PLAN ON SOAP PRODUCTION

A BUSINESS PLAN

**WRITTEN IN PARTIAL FULFILMENT OF THE
REQUIREMENTS OF THE COURSE CED 342**

(BUSINESS DEVELOPMENT AND MANAGEMENT)

BY

AGBOWO, STEPHEN I LOABUCHI

2014/192649

LECTURER, DR MRS C NWOGA

JULY 2017

STEVE SOAP PRODUCTION FIRM

PART I

1.0 EXECUTIVE SUMMARY

- 1.1 The following report and relate to the proposal by Steve Soap Production to establish a production firm in Nsukka Enugu state.
- 1.2 The project will require a start-up capital ₦1, 500,000 made up of ₦500, 000 for fixed assets and ₦1,000,000 for working capital.
- 1.3 The company's vision is to be a recognised producer in the targeted market for producing and branding a diverse line of in demand soap in Nsukka and Nigeria at large.
- 1.4 The firm will be located at University Marked Road Nsukka, Enugu State because of its easy access to raw material (palm kernel oil etc) and nearness to target market.
- 1.5 A huge market is available for the business to serve.

Contact: 08163092669

Email Address: ilosteve94@gmail.com.

- 1.6 The financial projections show that the project would be financially stable and liquid by the time it matures. The sales figures stand at ₦1,216,000; ₦1,211,000; ₦1,250,000 for year 1, year 2, year 3 respectively. The cash flow position is good and encouraging.
- 1.7 The competitive edge of the enterprise lies in its ability to produce high quality product and effective packaging of the soap.
- 1.8 Legal form of business: Partnership

PART II

2.0 INTRODUCTION

Soap making business is an attractive business, ranking as one of the low risk ventures, that one can start a successful perfume production with relatively small budget and still turn profit. Cleanliness is an important part of modern society. It wasn't always so but these days we all need to look good when going out so we like to use soap. Soap contains fragrance that is designed to produce good and welcoming scent when used. Soap has the ability of remove dirt's which the body produces often during hot weather conditions as a result of severe perspirations. Soap making business is high sensitive to swings in the economy because people continue to use soap on daily basis.

Steve soap making business serves for all kinds of people in the society. The business offerings are quite a change relative to the existing soaps.

2.1 VISION

To be a recognised producer in the targeted marked for producing and branding a diverse line of in-demand soap in Nsukka and Nigeria at large.

2.2 MISSION

To produce and distribute a number of mid-to high-end brands of soap using the best notes of raw notes of raw materials for a better quality.

2.3 OWNERSHIP OF THE ENTERPRISE

The business is a partnership owned by Agbowo, Stephen I, Igwe Maureen, Chibuikem Jonathan .Undergraduates of religion and cultural studies UNN and Nwigwe J. undergraduate of public administration and local Government UNN.

2.4 LEGAL STATUS

The business is called Steve Soap and it would undergo registration process with the Corporate Affairs Commission. Nigeria if actually succeeded.

2.5 LOCATION AND FACILITIES

The proposed project shall be located at University Marked Road Nsukka, Enugu State and a branch at Eha-Alumona junction

. Factors that formed our choice of the location are:

- Low cost of supply
- Nearness to Ogige Market and to the University
- Proximity to the target clients
- Easy accessibility and high visibility
- Security consciousness

- There will also be high patronage as it is located in a busy area.

2.6 SERVICES

Steve Soap will provide the general public high quality and will also be offering her customers a wider range of Soap and for washing and bathing. Steve Soap seeks to fulfil the following benefits that are important to her customers.

2.7 BUSINESS STRATEGY

The business fulfils the benefits that are important to her customers through:

- Creating a customer friendly environment
- Customer service in which the customer will be impressed with the level of attention that they receive thereby exceeding their expectations.
- A wide selection and variety of fragrance
- Quality and Quantity strategy
- Adopting all time service provides
- Using package strategy

2.8 KEY SUCCESS FACTORS

- Ability to produce high quality product and effective packaging

- Generate repeat business
- Increase Transaction amount per person
- Taking a modest fiscal approach, expand at a reasonable rate, not for the sake expansion, but because it is fiscally wise to
- Proper marketing of the company's product to its core demography

2.9 REVENUE BASE

ITEM	QTY PER MONTH	QTY PER ANNUM	PRICE (₦)	INCOME (₦)
MIYAKI	20	300	800	240,000
CAPRACE	25	300	850	255,000
ETHANKE	30	300	1200	360,000
MALIZ	50	600	600	360,000
				1215000

PART III

3.0 MARKETIG AND CLIENTS

3.1 NATURE AND SIZE

The Soap Making business is market driven and also a fast growing sector of the economy. It is ever growing to accommodate on coming entrepreneurs. Therefore, the nature and size of the market will be a very large one; hence I seek to move in to help fill the gap.

3.2 TARGET CUSTOMERS

Steve Soap has three target populations:

1. **Low class clients:** This group does not have huge amounts of income. But will try to minimize them.
2. **Middle-class clients:** This group of people does not have huge amounts of disposable income, recognizes that it is costly to demand for expensive soap like Caprace and Miyaky but will try to minimize them.
3. **Upper Class Clients:** This group has intertwined values throughout their lives and is ready and willing to spend whatever it takes to have the best soap. This group is characterized by wealthy one income family where everybody works.

3.3. KEY COMPETITORS AND PLAYERS

There are a number of competitors with the beauty supply and the commodities are for the same end user. Major competitors include; Cover Girl Cosmetics, Ijeoma and Co Cosmetics, Lady Jordan soap and others. The quality of the soap is the main areas of service that the soap makers compete on.

Despite these intense competitors, Steve soap business intends to become an active player in the soap business. I will seek quality soap at a minimal cost, price differentiation, after sales services, and other bundles of benefit to obtain our market share and outshine others.

3.4 SERVICE DELIVERY

Steve soap will serve a wide variety of liquid soap, apart from miyaky, caprace, 212 for men, Ethanke. More inventive soap will also be offered to appeal to the higher end, more discriminating customer such as Maliz, I shall also engage in consultancy services to the general public.

3.5 QUALITY ASSURANCE

All production process and packaging activities will be carried out using safety guidelines of relevant authority. Use of disposable containers for proper disposal of effluent from daily activities.

3.6 DEMAND/SUPPLY ANALYSIS

Due to the location of the business, there will be high demand of our products and services. Analysis gotten proved that about 1million soap are being sold yearly. Our service will be offered with an exceptional design and style to satisfy our customers.

3.8 TECHNOLOGY

On the technology, Steve soap will always go for improved technology since change is constant. The business will also abbreviate with the government policy.

3.7 COMPETITIVE EDGE

Steve soap will leverage her competitive edge as follows

- It is based in her customer attention and inventive approach to different kinds of soap.
- Very few are into office delivery; there will be effective and satisfiable delivery and packaging of production

4.0 MARKETING PLAN

The company intends to maintain an extensive marketing campaign, advertisement will be placed in various newspapers, magazines etc that will ensure maximum visibility for the business in its targeted market.

The other marketing strategy which is less formal is a networking campaign among the population. While the networking might not cost as large of a net as advertisement will, it costs far less and the relationships that it builds will be far stronger because of the trust relationship that has already been established.

4.1 PROMOTION AND DISTRIBUTION STRATEGY

Steve soap strategy is comprised of the following approaches to pricing, distribution, advertising and promotion and customer service.

- **Pricing:** Steve soap pricing scheme is based on individual pricing.
- **Distribution:** it serves the greater populated area in any type of facility
- **Customer Service:** Steve soap philosophy is whatever needs to be done to make the customer happy must occur, even at the expense of short-term extremely vocal to their friends with referral.

4.2 ALLIANCES

Our major alliances in business shall be our mentor who gave me and my colleague help from her many years of experience in the soap making business. This will contribute in nurturing the business towards profitability and growth.

4.3 MARKET POSITIONING

Steve Soap will position itself as an innovative, high-quality soap maker. The community who value our soap will recognize the unique, high-quality service offerings of Steve soap.

4.4 SERVICE DELIVERY STRATEGY

There will be efficient and honest services to satisfy my customers and source of my service delivery strategy is a feedback mechanism based on a suggestion card system. The Suggestion card has several statements that customers are asked to rate in terms of a given scale. There are also several open ended questions that allow the customer to freely offer constructive criticism or praise.

We will work hard to implement reasonable suggestions in order to improve their services offering as well as show their commitment to the customer that their suggestions are valued.

4.5 SWOT ANALYSIS

To ensure a thorough analysis of this business, we have subjected it to swot analysis. The following SWOT analysis captures the key strengths and weaknesses within soap business and describes the threats facing Steve soap.

4.5.1 STRENGHT

- Strong relationship with different people
- Superior service offerings/rendering
- High customer loyalty

4.5.2 WEAKNESSES

- The Struggle to build brand equality
- A limited marketing budget to develop brand awareness
- The identity finding someone with enough designs, styles to support our soap business

4.5.3 OPPORTUNITY

- The ability to develop many long-term customers because of a close-knit community
- Growing market with a significant percentage of the target market still note aware that Steve soap exists

4.5.4 THREATS

- Competition from similar soap makers in the area
- The inherent high cost of soap accessories
- A slump in the economy that will decrease customers' budget for buying more soap.

PART V

5.0 ORGANIZATION AND MANAGEMENT

5.1 ORGANIZATIONAL STRUCTURE



5.2 SHAREHOLDER AND DIRECTORS

Steve soap is a partnership enterprise and will not welcome any shareholder or directors.

5.3 MANAGEMENT TEAM

The management team shall be made up of the managers in the person of the partners, a marketing officer, service officer.

5.4 EXTERNAL SUPPORT

Steve soap is discussing with Nsukka small and medium enterprise centre to offer some period of years strong management and business support. Also, Centre of Entrepreneurship Development Research (CEDR) of UNN will also offer a strong support to ensure that the business priorities and milestone are kept in focus

5.5 PERSONNEL PLAN

Steve Soap will adopt a slim or small personnel structure at start up.

S/N	Category	Salary per Month	Per Annum
1	Manager	25,000	300,000
2	Sales Assistant	20,000	240,000
3	Production Assistant	15,000	180,000

5.6 VALUE AND NORMS OF THE COMPANY

Steve Soap plans to adopt these norms;

- To offer the best and satisfy the customers
- To appreciate and value her employees
- To uphold her integrity
- To carry out her business within and outside the federation.

PART VI

6.0 LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES

6.1 LEGAL ISSUES

The name of the enterprise is STEVE SOAP. It is situated at University Market Road Nsukka, Enugu state.

6.2 REGULATORY ISSUES

We will make sure we register to all regulatory bodies in the country including the old and new ones in the country.

6.3.1 SOCIAL ISSUES

The implementation of the business will bring social and economic benefits to the local and nation at large. It will advance wealth creation and poverty reduction in line with the millennium development goals (MDGS), the National Economic Empowerment and development strategy (NEEDS) as well as the State Economic and development strategy (SEEDS). It will create employment.

6.4 ENVIRONMENTAL ISSUES

Steve soap is environmental friendly as it generates no threatening waste. The business environment will be kept neat.

PART VII

7.0 FINANCIAL PLAN

7.1 PROJECT COST

The total cost of this project is ₦1, 500,000 broken down to ₦500,000 fixed capital and ₦1,000,000 working capital.

S/N	FIXED CAPITAL	(₦) AMOUNT
1	Tables and Chairs	40,000
2	Measuring cylinder	10,000
3	Beakers	15,000
4	Showcase	15,000
5	Test tubes	5,000
6	Generator	60,000
7	Pressure containers	20,000
8	Air conditioners	150,000
9	Gas cylinder	25,000
10	Ceiling fans	5,000
11	Radio	5,000
12	Television	20,000
13	Pressure bottles	15,000
14	Laptop computer	85,000
	Total	500,000

S/N	WORKING	AMOUNT (₦)
1.	RENT	200,000
2.	WATER TANK + WATER	150,000
3.	ELECTRICITY BILL	40,000

4.	FUEL/GAS	10,000
5.	CHEMICALS	50,00
6.	CONVEYOR BELTS	20,000
7.	ESSENTIAL OILS	80,000
8.	TRANSPORTATION	10,000
9.	PERFUME NOTES	300,000
10.	ADMINISTRATION EXPENSES	150,000
11.	TOTAL	1000,000

TOTAL FIXED CAPITAL = ₦500,000

WORKING CAPITAL = ₦1,000,000

TOTAL PROJECT COST = ₦1,500,000.

7.2 FUNDING PLAN AND STATEMENT

Owners contribution = ₦400, 000

Loan Capital = ₦ 1, 100,000

Total Project Cost = ₦ 1, 500,000

7.3 FUNDING REQUIREMENT

The funding requirement for this business is ₦1,100,000 since the owner are committing ₦400,000 into the business.

Interest and Loan Repayment Schedule – 25%

S/N	PRINCIPLE	REPAYMENT	INTEREST	LOAN BAL
1	1,100,000	44,000	27,500	400,000
2	400,000	44,000	11,000	100,000
3	100,000	100,000	8,000	100,000

7.4 DEPRECIATION SCHEDULE

S/N	ITEM	COST	SCRAP	LIFE SPAN	AMOUNT
1.	Tables and Chairs	40,000	25,000	5	4000
2.	Generator	60,000	30,000	5	3000
3.	Beakers	15,000	5,000	6	600
4.	Showcase	15,000	10,000	6	1000
5.	Test tubes	5,000	1,000	6	500
6.	Measuring cylinder	10,000	8,000	6	2,000
7.	Pressure containers	20,000	10,000	5	5,000
8.	Air conditioners	150,000	100,000	5	30,000
9.	Gas cylinder	25,000	12,000	5	5,000
10.	Ceiling fans	5,000	3,000	5	1,000
11.	Radio	5,000	2000	5	1,000

12.	Television	20,000	15,000	5	10,000
13.	Pressure bottles	15,000	10,000	5	5,000
14.	Laptop computer	85,000	45,000	5	35,000

Total Annual Depreciation = ₦34,580

7.5 PROJECTED INCOME STATEMENT

	2014	2015	2016
Turn over Loss: operating expenses			
Rent	200,000	200,000	200,000
Electricity bill	24,000	26,000	28,000
Fuel/gas	10,000	12,000	13,000
Salaries	720,000	720,000	720,000
Maintenance	10,000	12,100	13,000
Administration	150,000	150,000	150,000
Transportation	10,000	12,000	13,000
Depreciation	34,580	34,580	34,580
Interest on loan	46,500	50,500	36,500
Total Operating expenses	[1205,080]	[1217180]	[1208080]
Net Operating Profit	401694	405727	402694

7.6 PROJECTED CASH FLOWS STATEMENT

CASH FLOWS	2014(N)	2015(N)	2016(N)
CASH INFLOWS			
Owner's Contribution	400,000		
Loan from Bank	1,100,000		
Revenue (sales)	1215000	1217000	1219000
Total cash inflows (A)	2,715,000	1217000	1219000

CASH OUT FLOWS			
Fixed Assets	500,000		
Operating Expenses	1205,080	1217180	1208080
Loan repayment	400,000	100,000	100,000
Total cash outflows (B)	2105080	1,317,180	1,308080
Net cash flow [A-B]	609,920	100,180	8,9080
Opening cash balance			
Closing cash balance	609920	608590	608590

7.7 BALANCE SHEET PROJECTION

CASH FLOWS	2014(N)	2015(N)	2016(N)
Capital employed			
Fixed Assets	500,000	500,000	500,000
Less: Depreciation	34,580	69,160	103740
	465,420	430,840	396260
Current Assets			
Balance at Bank	100,000	200,000	300,000
Balance at Hand	609920	100,180	89080
Prepayment (rent)	400,000	200,000	

Less Creditor (Bal.)	450,00	300,000	
Net Current Assets	2386,060	4,925,320	8908022
Net Assets	2843520	5510200	9022002
Financed by			
Owners capital	400,000	400,000	400,000
Retained Profit	121500	215900	325900
Owners fund	5843,620	7,510200	8,920041

PART VIII

8.0 RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY

8.1 RISK ANALYSIS AND MITIGANT

	RISK	MITIGANTS
1	Theft	Security
2	Fire Outbreak	Use of fire extinguishers
3	Bad debts	Low volume of credit sales
4	Rusting of irons	Pouring grease to it.

8.2 CONTINGENCY PLAN

Perfumes and Body sprays and other related products will be manufactured and sold. Investment will also be made to avoid fall of the business.

8.3 EXIT STRATEGY

The company will hire a qualified broker to sell the business on behalf of STEVE SOAP. Based on historical numbers, the business could fetch a sales premium of up to five times earnings

PART XI

9.0 OTHER CONSIDERATIONS, CONCLUSION/RECOMMENDATION

9.1 ECONOMIC JUSTIFICATION

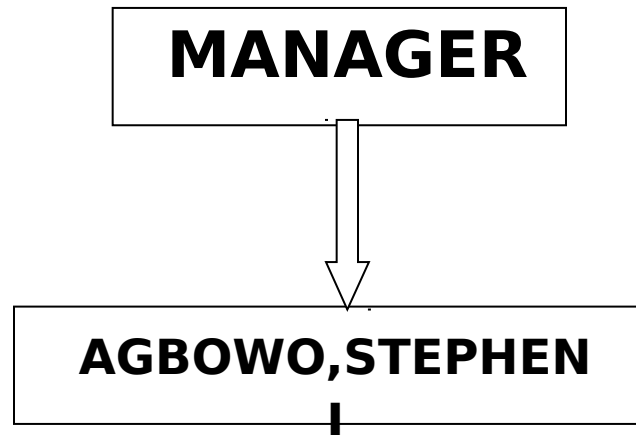
This business will create employment, wealth; development leads to reduction in poverty and encourages value orientation and people's empowerment

9.2 COMMERCIAL VIABILITY

From my analysis so far, it shows that our proposed business is commercially viable, in the sense that it generates adequate cash flow and has good profitability indications

9.3 CONCLUSION AND RECOMMENDATION

From the analysis of my findings, the proposed project or business is found to be technically feasible, financially viable and economically desirable. The business offers good investment benefit. We therefore highly recommend it for funding and implementation.

PART X**10.0 APPENDIX****10.1 ORGANOGRAM****10.2 ASSUMPTION BEHIND THE FIGURES**

All the figures used in the estimation and projection in this project are based on prevailing market prices.